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HOULIHAN AND CO (EXCAVATIONS) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2000**

**Miell and Company
Registered Auditors
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ**



Company Registration Number: 1065430

HOULIHAN AND CO (EXCAVATIONS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

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HOULIHAN AND CO (EXCAVATIONS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2000**

DIRECTORS

Mrs V Houlihan
K Winney
M T Doohan
K Root (Appointed 1 January 2000)
P Withers (Appointed 1 January 2000)

SECRETARY

M T Doohan

REGISTERED OFFICE

Ashford House
Littleton Road
Ashford
Middlesex
TW15 1UQ

COMPANY REGISTRATION NUMBER

1065430

AUDITORS

Miell and Company
Registered Auditors
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

HOULIHAN AND CO (EXCAVATIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000

The directors present their annual report with the financial statements of the company for the year ended 31 August 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continued to be that of groundwork contractors to the building and civil engineering industry.

RESULTS AND DIVIDENDS

The results of the year's trading, the financial position of the company and the transfer to reserves are shown in the annexed financial statements.

The net profit for the year, before taxation, amounted to £1,158,954 (1999 = profit of £999,759). The directors recommend the payment of a dividend of £6.10 per share for the year under review.

REVIEW OF BUSINESS

The directors consider the company to be meeting its objectives to a satisfactory extent.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors the market value of the freehold property is not significantly different from the book value of £550,000.

FUTURE DEVELOPMENTS

The company will continue to develop its trade.

DIRECTORS

The following directors held office during the year and their interests, including family interests, in the shares of the company at the year end were as follows:

		Number of shares	
		31/8/00	1/9/99
Mrs V Houlihan	Ordinary shares of £1 each	50,000	50,000
K Winney	Ordinary shares of £1 each	-	-
M T Doohan	Ordinary shares of £1 each	-	-
K Root (Appointed 1 January 2000)	Ordinary shares of £1 each	-	-
P Withers (Appointed 1 January 2000)	Ordinary shares of £1 each	-	-

RETIRING DIRECTORS

The director retiring by rotation at the next Annual General Meeting in accordance with the Articles of Association is M T Doohan who being eligible offers himself for re-election.

K Root and P Withers, having been appointed during the year, also retire at the next Annual General Meeting in accordance with the Articles of Association and, being eligible offer themselves for re-election.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POLICY ON PAYMENT OF CREDITORS

The company does not follow any code or standard on payment practice. It is the company's policy:

- (i) to settle the terms of payment with suppliers when agreeing the terms of transactions with that supplier,
- (ii) to ensure that suppliers are made aware of the terms of payment, and
- (iii) to abide by the terms of payment.

Creditor days calculated with reference to amount due to suppliers as at 31 August 2000 and amounts invoiced by suppliers during the year were 84 days (1999 = 36 days).

The increase in creditor days is largely due to a payment run made 1 September 2000. If trade creditors were adjusted to incorporate this payment creditor days calculated as above would be 46.

DONATIONS

During the year under review the company made donations to charities totalling £18,387.

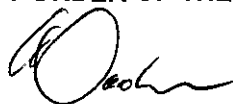
CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors Miell and Company have expressed their willingness to continue in office, and in accordance with section 385 of the Companies Act 1985 a resolution proposing their reappointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD



M T Doohan
SECRETARY

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**AUDITORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2000**

TO THE SHAREHOLDERS OF HOULIHAN AND CO (EXCAVATIONS) LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

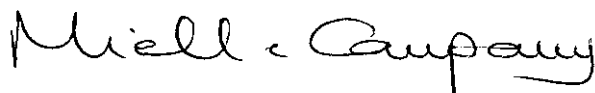
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



MIELL AND COMPANY
REGISTERED AUDITORS
OXFORD

14 June 2001

HOULIHAN AND CO (EXCAVATIONS) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2000**

	Notes	2000 £	1999 £
TURNOVER	2	16,176,061	13,770,108
Cost of sales		13,135,566	11,595,357
GROSS PROFIT		3,040,495	2,174,751
Administrative expenses		1,864,398	1,130,485
OPERATING PROFIT	3	1,176,097	1,044,266
Other interest receivable and similar income		19,027	8,947
		1,195,124	1,053,213
Interest payable and similar charges	6	36,170	53,454
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,158,954	999,759
Taxation on ordinary activities	7	432,989	313,420
PROFIT FOR THE FINANCIAL YEAR		725,965	686,339
Dividends paid and proposed	8	305,000	260,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		420,965	426,339
Retained profit brought forward		2,031,694	1,605,355
RETAINED PROFIT CARRIED FORWARD		2,452,659	2,031,694

There were no acquisitions and no discontinued operations in either of the periods.

The only recognised gains or losses for both periods are the profits reported above.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**BALANCE SHEET
AS AT 31 AUGUST 2000**

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	2,113,531	2,099,431
Investments	10	19,800	19,800
		<u>2,133,331</u>	<u>2,119,231</u>
CURRENT ASSETS			
Stocks	11	35,415	-
Debtors	12	3,424,431	3,221,875
Cash at bank and in hand		1,212,052	31,863
		<u>4,671,898</u>	<u>3,253,738</u>
CREDITORS: Amounts falling due within one year	13	<u>3,896,537</u>	<u>2,931,721</u>
NET CURRENT ASSETS		<u>775,361</u>	<u>322,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,908,692</u>	<u>2,441,248</u>
CREDITORS: Amounts falling due after more than one year	14	225,218	209,810
Provisions for liabilities and charges	15	180,815	149,744
NET ASSETS		<u><u>2,502,659</u></u>	<u><u>2,081,694</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	50,000	50,000
Profit and loss account		2,452,659	2,031,694
SHAREHOLDERS' FUNDS		<u><u>2,502,659</u></u>	<u><u>2,081,694</u></u>

These accounts were approved by the board of directors on 13/12 June 2001 and signed on its behalf by the following:

Director



Director



HOULIHAN AND CO (EXCAVATIONS) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2000

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2000 £	1999 £
Operating Profit		1,176,097	1,044,266
Depreciation		589,779	332,041
(Profit) on disposal of fixed assets		(34,818)	(52,074)
(Increase) in stocks		(35,415)	-
(Increase) in trade debtors		(155,230)	(517,192)
(Increase) / decrease in other debtors		(47,326)	48,348
Increase / (decrease) in trade creditors		866,138	(830,149)
Increase in other taxation creditors		10,192	51,661
Increase in other creditors		560,514	15,881
Net cash flow from operating activities		2,929,931	92,782

CASH FLOW STATEMENT

		2000 £	1999 £
Net cash flow from operating activities		2,929,931	92,782
Returns on investments and servicing of finance	20	(17,143)	(44,507)
Taxation		(262,210)	(125,000)
Capital expenditure and financial investment	21	(569,061)	(452,248)
		2,081,517	(528,973)
Equity dividends paid		(305,000)	(260,000)
		1,776,517	(788,973)
Management of liquid resources			
Financing	22	(64,646)	6,534
Increase / (reduction) in cash		1,711,871	(782,439)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT / FUNDS

		2000 £	1999 £
Increase / (decrease) in cash		1,711,871	(782,439)
(Increase) / reduction in finance lease liabilities		(19,478)	33,131
Reduction / (increase) in net debt		1,692,393	(749,308)
Net debt brought forward		(1,047,815)	(298,507)
Net funds (debt) carried forward	23	644,578	(1,047,815)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000**

1 STATEMENT OF ACCOUNTING POLICIES

Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. There were no material departures from those standards.

Turnover

Turnover represents the value of goods and services provided, stated net of value added tax.

Depreciation

Depreciation has been provided at the following rates so as to write off the cost less residual value of the assets over their estimated useful lives.

Plant and equipment	25% per annum on reducing balance basis
Office equipment	25% per annum on reducing balance basis
Motor vehicles	25% per annum on reducing balance basis

Investments

Fixed asset investments are shown at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

Leases

Assets under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account on a straight line basis, to produce an approximately constant rate of charge on the balance of capital repayments outstanding. Hire Purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

Rentals under operating leases are charged and credited on a straight-line basis over the lease term.

Work in progress

Work in progress has been valued at the lower of cost and net realisable value.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

Long term contracts

Long-term contracts have been assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract calculated by reference to the costs incurred at the balance sheet date. Profit is taken on long term contracts on a prudent basis and only when the final outcome of the project is reasonably certain.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and is provided for to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the amount payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 TURNOVER

None of the company's turnover is attributable to geographical markets outside the United Kingdom.

3 OPERATING PROFIT

	2000 £	1999 £
The operating profit is stated after charging:		
Directors' remuneration (Note 4)	692,108	236,810
Company contributions to employee pension schemes	55,406	38,614
Auditors' remuneration - audit fees	9,000	9,000
Auditors' remuneration - non audit fees	12,453	11,139
Depreciation	389,779	332,041
Operating lease rentals - plant and machinery	777,194	674,469
Operating lease rentals - other assets	20,979	21,301
Exceptional items:		
Impairment loss	200,000	-
and after crediting:		
Profit on sale of tangible fixed assets	34,818	52,074

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000**

4 DIRECTORS' REMUNERATION

	2000	1999
	£	£
The remuneration of the directors was as follows:		
Emoluments	628,000	174,000
Company contributions to pension schemes	31,500	35,500
Benefits in kind	32,608	27,310
	<u>692,108</u>	<u>236,810</u>

All of the directors (1999 - three) are members of the pension scheme.

The remuneration of the highest paid director was as follows:

Emoluments	230,000	75,500
Benefits in kind	2,108	13,329
	<u>232,108</u>	<u>88,829</u>

5 STAFF COSTS

	2000	1999
	Number	Number
Average number of persons employed by the company, including directors, during the year:		
Production	129	140
Administration	15	12
	<u>144</u>	<u>152</u>
	2000	1999
	£	£
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	4,469,560	3,541,925
Social security costs	444,470	346,158
Other pension costs	55,406	40,149
	<u>4,969,436</u>	<u>3,928,232</u>

HOULIHAN AND CO (EXCAVATIONS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000****6 INTEREST PAYABLE AND SIMILAR CHARGES**

	2000	1999
	£	£
Bank interest payable	-	714
Hire purchase interest and finance lease charges	36,150	52,423
Interest on overdue taxation	20	317
	<u>36,170</u>	<u>53,454</u>

7 TAXATION ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Corporation tax charge	400,674	275,966
Corporation tax adjustment regarding prior year	1,244	-
Deferred taxation (Note 15)	31,071	37,454
	<u>432,989</u>	<u>313,420</u>

The taxation charge for the year has been calculated at 30%.

8 DIVIDENDS

	2000	1999
	£	£
Dividend paid on ordinary shares	305,000	160,000
Proposed dividend on ordinary shares	-	100,000
	<u>305,000</u>	<u>260,000</u>

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

9 TANGIBLE FIXED ASSETS

	Freehold land and building	Plant and equipment	Office equipment	Motor vehicles	Total
Costs or valuation					
At 1 September 1999	750,000	1,520,873	17,452	805,769	3,094,094
Additions	-	638,781	15,946	101,433	756,160
Impairment loss	(200,000)	-	-	-	(200,000)
Disposals	-	(408,531)	-	(76,736)	(485,267)
At 31 August 2000	<u>550,000</u>	<u>1,751,123</u>	<u>33,398</u>	<u>830,466</u>	<u>3,164,987</u>
Accumulated depreciation					
At 1 September 1999	-	530,768	12,446	451,449	994,663
Charge for year	-	295,643	3,194	90,942	389,779
Disposals	-	(271,544)	-	(61,442)	(332,986)
At 31 August 2000	<u>-</u>	<u>554,867</u>	<u>15,640</u>	<u>480,949</u>	<u>1,051,456</u>
Net book value					
At 1 September 1999	<u>750,000</u>	<u>990,105</u>	<u>5,006</u>	<u>354,320</u>	<u>2,099,431</u>
At 31 August 2000	<u>550,000</u>	<u>1,196,256</u>	<u>17,758</u>	<u>349,517</u>	<u>2,113,531</u>

The value of the freehold property has been reviewed and the impairment amount of £200,000 has been provided to reduce the book value of the property to the directors valuation of the market value at the balance sheet date.

Included in the above are assets held under finance leases and hire purchase contracts as follows:

	Freehold land and building	Plant and equipment	Office equipment	Motor vehicles	Total
Depreciation charge for year	-	225,359	-	58,821	284,180
Net book value					
At 1 September 1999	-	751,805	-	280,862	1,032,667
At 31 August 2000	-	989,015	-	218,907	1,207,922

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000**

10 FIXED ASSET INVESTMENTS

	Investment in unquoted shares
Costs	
Cost at 1 September 1999	19,800
Cost at 31 August 2000	19,800
Net book value	
Net book value at 1 September 1999	19,800
Net book value at 31 August 2000	19,800

11 STOCKS

	2000 £	1999 £
Work in progress	35,415	-

12 DEBTORS

	2000 £	1999 £
Trade debtors	204,925	119,785
Amounts recoverable on contracts	2,933,641	2,863,551
Other debtors	285,865	238,539
	3,424,431	3,221,875

13 CREDITORS: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	-	531,682
Trade creditors	1,748,030	649,918
Provisions for losses on contracts	562,917	794,891
Corporation tax	400,674	260,966
Other taxation and social security	135,823	125,631
H.P. contracts and finance leases	342,256	338,186
Other creditors	706,837	230,447
	3,896,537	2,931,721

Included within trade creditors are amounts which may be the subject of retention of title clauses.

H.P. contracts and finance leases are secured on the assets concerned.

Included in other creditors are loans from directors (note 19) totalling £48414 (1999 = £132538). These loans are interest free and have no fixed date of repayment.

Included within other creditors are bonuses due to the directors totalling £345,000.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

14 CREDITORS: amounts falling due after more than one year

	2000 £	1999 £
H.P. contracts and finance leases	225,218	209,810

All of these liabilities are due in less than five years.

15 PROVISIONS FOR LIABILITIES

Provided

Deferred Taxation

	2000 £	1999 £
Accelerated capital allowances	180,815	149,744
Balance carried forward	180,815	149,744

All deferred taxation has been fully provided.

Movements on deferred taxation provision

	2000 £	1999 £
Balance brought forward	149,744	112,290
Transfer during the year	31,071	37,454
Balance carried forward	180,815	149,744

16 SHARE CAPITAL

	2000 £	1999 £
Ordinary Shares of £1 each:		
Authorised	50,000	50,000
Allotted, called up and fully paid	50,000	50,000

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2000 £	1999 £
Profit for the financial year	725,965	686,339
Dividends	305,000	260,000
Net addition to shareholders funds	420,965	426,339
Opening shareholder's funds	2,081,694	1,655,355
Closing shareholder's funds	2,502,659	2,081,694

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

18 DIRECTORS TRANSACTIONS

The maximum amounts due to the company from directors during the year were as follows:

	2000 £	1999 £
P Withers (Appointed 1 January 2000)	25,000	-

19 RELATED PARTY TRANSACTIONS

The directors made loans to the company during the year. The following amounts were due to the directors at the year end:

	2000 £	1999 £
Mrs V Houlihan	46,577	81,848
J P Houlihan	1,837	50,690
	48,414	132,538

Mr and Mrs J P Houlihan are considered to be the company's ultimate controlling party. Mr J P Houlihan is therefore considered to be a shadow director.

20 CASHFLOWS RELATING TO RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2000 £	1999 £
Interest received	19,027	8,947
Interest paid	(36,170)	(53,454)
Net cash (outflow)	(17,143)	(44,507)

21 CASHFLOWS RELATING TO CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2000 £	1999 £
Purchase of tangible fixed assets	(756,160)	(504,322)
Sale of tangible fixed assets	187,099	52,074
Net cash (outflow)	(569,061)	(452,248)

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000**

22 CASHFLOWS RELATING TO FINANCE

	2000	1999
	£	£
New finance leases	776,136	845,020
Repayment of finance lease balances	(756,658)	(878,151)
Repayment of directors loan accounts	(84,124)	39,665
	<u></u>	<u></u>
Net cash (outflow) / inflow	(64,646)	6,534
	<u></u>	<u></u>

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 1999	Cash flows	Other changes	At 31 August 2000
	£	£	£	£
Cash at bank and in hand	31,863	1,180,189	-	1,212,052
Overdrafts	(531,682)	531,682	-	-
Finance lease liabilities:				
Amounts falling due within one year	(338,186)	144,260	(148,330)	(342,256)
Amounts falling due after one year	(209,810)	(163,738)	148,330	(225,218)
	<u></u>	<u></u>	<u></u>	<u></u>
	(1,047,815)	1,692,393	-	644,578
	<u></u>	<u></u>	<u></u>	<u></u>